

LP
F
5012
1898
R2

3 9004 01439862 9



Queen's University
Library

KINGSTON, ONTARIO

W. G. M. Hant

th regards E. M. Rathbun

Canadian Transportation.

Free Canals and the Fast Line.



1898 P2



DESERONTO, ONT., Nov. 18th, 1898.

To the

RIGHT HON. SIR WILFRED LAURIER, G. C. M. G.,

SIR RICHARD CARTWRIGHT, K. C. M. G.,

SIR LOUIS H. DAVIES, K. C. M. G.,

and

HON. JOHN CHARLTON,

Canadian Commissioners at Washington

DEAR SIRS :—

I respectfully submit that the discussion of the question of developing the traffic of the St. Lawrence route, by abolishing the tolls on the Welland and St. Lawrence Canals, has too often been obscured and narrowed by those who ignore the main reason for the existence of those costly enterprises. The whole matter is often treated as though it were a mere question of internal navigation facilities, or of an investment which should render a direct cash return, or as if it were desirable to prevent American vessel owners or shippers securing the same advantages as Canadians. The main consideration, however, to be borne in mind is that the canal system is chiefly valuable as a feeder to our ocean traffic and that it has to do with the broader and more comprehensive problem of building up and encouraging a great ocean carrying trade, and thus giving Canada the position she ought to occupy as a commercial nation. In view of this paramount object, all such incidental considerations, as are often advanced, tend to obscure the main issue.

The ideal transportation system to be steadily kept in view is that under which the enormous and vastly increasing food output of our great North West and the Western States should seek its natural channel by way of the St. Lawrence route to the ocean, instead of the larger proportion (over 90 per cent) being diverted, as at present, to find a highway to Europe through the United States. To accomplish this object Canada has spent a large amount of money. The investment in Canadian Railways up to 1896, aggregated about \$900,000,000, while the outlay upon canals amounted to \$80,000,000, a total of nearly one billion dollars. This, from the standpoint of mere internal transportation, has given us highways of a capacity vastly in excess of present requirements. We are yearly adding to those canal expenditures with scant regard to the probability or possibility of cash dividends, the underlying motive being to always facilitate the exportation of our own produce and to develop our ocean traffic.

The Canal system which, costly as it is, represents, as the figures show, a mere fraction of the sum total of our outlay on transportation enterprises, is simply a link in the chain. No chain is stronger than its weakest link. Now the national restrictions and the addition of canal tolls to the cost of freight is the weak spot where the system, built up at so vast an outlay, breaks down. In order to retain an annual revenue of \$265,000 from the Welland and St. Lawrence Canals out of the \$339,000 received from our whole canal system, we maintain the chief obstacle which stands in the way of our realizing those magnificent results in the hope of which our transportation system was established.

The canals, considered as business enterprises, have never paid and never will do so. Those, therefore, who urge the retention of the tolls upon purely business grounds should certainly, from the same narrow point of view, oppose the deepening of the St. Lawrence canals to fourteen feet as an unprofitable expenditure from which no direct dividends can be expected. If the Government is justified in proceeding with this work, not as a financially remunerative undertaking but solely as a benefit to the shipping and producing interests, are there not much more valid reasons which should prompt it to remove the restrictions against American vessels and forego the small amount of revenue derived from canal tolls in order to increase the traffic? There is no consistency in maintaining these tolls on the plea that some cash return should accrue for the expenditure involved, while continuing to expend money for the same object regardless of the prospect of such direct returns.

Canadians may very wisely take a lesson from their successful neighboring competitors in regard to the development of canal traffic. If, notwithstanding the great natural advantages of our ocean highway, we have failed to secure the transportation of a reasonable share of the grain shipments from the west, instead of about 7 or 8 per cent. thereof, it is chiefly because our neighbors have displayed greater enterprise and

liberality in offering inducements to shippers. If we have spent much money in canals, they have spent more. The New York canals have cost the people of that state over \$100,000,000, all raised by direct taxation, not for their own local traffic but to attract the carriage of western produce. The Erie canal is free of tolls alike to Canadian and American producers. There may have been times when an anti-Canadian feeling was, in some sections, prevalent across the border, but it never waxed strong enough to blind the far sighted commercial classes to their own interests as far as transportation matters were concerned, nor to lead them to overlook the important fact that to bring the great productive areas of our North West tributary to the volume of American traffic, thus building up American seaports and employing American labor, was more profitable than the exaction of fractional dividends on a great public work or the maintenance of petty and irritating national discriminations. We have no right to expect to reclaim the traffic they have captured unless we are prepared to offer those equal and even superior advantages which now for many years Canada has been in a position to offer.

By thus securing for their inland navigation system an immense outflow of traffic in food products from the west to the port of New York, Manitoba being in this respect a large contributor, the people of that state have steadily built up and enlarged their export and import trade. The law of supply and demand governs in the matter of shipping accommodation just as in any other department of commerce. The demand for ocean transportation at New York, Boston and other Atlantic cities creates the supply. As centres of the export trade these cities attracted shipping, and competition soon improved facilities and lowered freights.

The reason why Montreal cannot, under existing conditions, compete with them, notwithstanding a slight advantage in point of distance, is that the channel through which the great volume of produce for export reaches the seaboard does not flow in her direction. It must first be diverted to its natural course along the St. Lawrence route before Montreal can be established on a permanent basis as the rival shipping centre of the American ports. It has been argued that the export traffic seeks New York rather than Montreal because rates are lower and facilities better at the former port. The converse statement is equally true that rates are lower and facilities better at New York because the traffic to be accommodated is so much greater.

With the deepening of the St. Lawrence canals to fourteen feet, with modern lock improvements applied and the removal of national discrimination and tolls, grain will be carried from the Upper Lakes to Montreal at a cost of about 2 cts. less per bushel than the average freight to New York via the Erie Canal. With this advantage, coupled with the shorter and, with prospective improvements, safer ocean route to

Liverpool, the port of Montreal would soon attract an increasing proportion of the export grain trade. But to establish the commerce of Montreal upon a satisfactory and permanent basis it will be necessary to secure an absolutely safe channel with proper light-houses and buoys and a more reliable pilot service. Were these highly needful improvements effected and the port charges assumed by the Government the principal obstacles which deter Western shippers from availing themselves of the St. Lawrence route would disappear. With the augmented influx of grain for shipment, competition amongst steamship lines and transient vessels which become available at all seaports when obtainable cargoes are sure, would soon, without any injustice to existing lines, bring down the rates to those of American ports.

English steamship companies, as soon as they realized that the trade of the port was on a substantial footing, would promptly fit out a class of vessels specially adapted to the service and of capacity, speed and equipment fully up to the possibilities of the route.

The likelihood of vessels from the Upper Lakes securing return cargoes is a considerable factor in cheapening the freights on western produce. The present Welland canal toll of 20 cts. per ton of coal prevents this return traffic. Owing to this heavy impost, coal which would otherwise be sent by rail to Oswego and Charlotte and be shipped from those points by vessel to the Upper Lakes is now hauled a greater distance from the mine by rail to Buffalo, this being done in many cases for the purpose of avoiding the Welland canal. With the toll removed, many of these coal shipments would seek the nearest port and the grain-carrying fleet obtain return freights practically as remunerative as if from Buffalo.

One great advantage of the Canadian route would be the greater cheapness of elevator storage and transshipment facilities, which can be made profitably available at Montreal and points between Kingston and Prescott compared to those at Buffalo and New York. Successful competition with the American canal system involves adequate provision for the storage in large quantities of grain arriving late for shipment at the close of navigation, and which it will be necessary to forward to tidewater by rail, as well as of that which has been purposely accumulated for winter export.

Just in proportion to the volume of grain traffic finding an all water route to the Atlantic will belated cargoes, which detained by delay in moving or held for a rise in price or stored at convenient points of distribution for winter shipment, have to be transferred to the railways for carriage to the open seaports.

We have, therefore, to consider not merely the conditions which will attract the early shipper who can be sure of an unimpeded water route, but we must have regard also to the preferences of the forwarder

who makes his shipments when the fall season is well advanced, and who has to bear in mind the chance or the certainty of dependence on railways for the latter stage of the inland trip, as well as upon the storage facilities at distributive points. Here, again, with canal tolls and discriminations abrogated, we should be able to offer superior inducements because elevators and storage warehouses would be quickly provided at Kingston—Prescott, points, at which there is every facility for their erection and maintenance at rates much lower than those current in Buffalo.

Even greater accommodations would also, and more speedily, need to be provided at Montreal, where the advantage over Buffalo in point of ample and comparatively low-priced frontage available for the location of elevators, warehouses and all needful storage and transshipping appliances, and for railway connections thereto, would soon be profitably manifested, inasmuch as every canal vessel which now comes through the Welland canal for Kingston or Prescott will, with the St. Lawrence canals deepened to fourteen feet, find an open and equally good channel to Montreal. But many experienced in the business believe that transshipments from large lake vessels into barges at Kingston—Prescott for Montreal, when the possible delays in unloading at Montreal and the desirability of often breaking cargoes into smaller ocean shipments are considered, will prove more profitable than for the lake vessel to proceed to Montreal without breaking bulk. This transshipment will probably be done at a cent per bushel, including cost of towing to Montreal. The investment and risk in the use of transfer barges would be greatly below that involved by continuing the lake craft to Montreal.

It will not be long before the need of an enlargement of the Welland canal to carry the largest vessel that enters the port of Buffalo will be apparent, when the profitableness of the present system of transfer barges will be even more manifest. These transfer barges and tugs so used may perhaps be advantageously confined to Canadian construction, thereby affording employment to Canadian labor and a large opening for Canadian iron, timber and other products.

Compared with both New York and Buffalo the port of Montreal stands in an excellent position in this respect; in the former port the expenses of car lighterage are very considerable, and at both New York and Buffalo the great railways largely control the terminal facilities thus materially lessening the influence upon freight rates which the Erie canal would otherwise exert. Such a serious drawback to cheaper transportation would scarcely appear possible at the St. Lawrence points of transshipment when the extent of suitable river frontage is considered.

This view has perhaps not been sufficiently taken into account by those who are disposed to regard this as, in some measure, a question of 'railways versus canals.' These two branches of our transportation system, largely on account of climatic reasons, are not, in my opinion,

antagonistic but rather inter-dependent ; in fact, no aspect of the situation is more important than the stimulus which will be imparted to railway traffic by the popularization of the Canadian water route which necessarily and essentially implies a supplementary service to our winter ports as outlets for the traffic annually arrested at intermediate points by the approach of winter or otherwise.

The perfection of the canal system in the manner indicated, by ample and reasonably low priced storage and transshipment arrangements, will, every year, provide a larger quantity of freight to be hauled from Kingston, Prescott or Montreal to Halifax, St. John or Portland. This business our railways, except to a comparatively limited extent, do not now obtain and can hardly hope to secure, unless the abolition of canal tolls and the other improvements of the system already indicated offer sufficient inducement to Western shippers to make them prefer the Canadian route to the seaboard to that by the Erie Canal to New York. There is but little competition between our through lines of railway and the American all-water route which transports our great staples at about one-third the average cost of rail transportation; the difference, with a deep water route which the St. Lawrence may be developed to give, would be much greater. The exporter of grain will naturally give the preference to water transportation wherever and whenever it is obtainable.

The only time at which our two great trunk lines of Canadian railways can expect any appreciable share of this traffic is during the winter season. They should, therefore, be disposed to regard with favor a measure which aims at retaining a larger share of the grain from Manitoba for export and diverting a greater proportion of the grain shipments from the American route to the St. Lawrence highway, and its storage at the close of water navigation at points where the railways can take it up for delivery during the cold months ; in fact, the water route appears to me very necessary to secure this traffic to the railways, and their friendly co-operation will greatly augment the quantity which may be accumulated for such winter carriage.

Moreover, the development of ocean traffic, consequent upon a large increase in the amount of produce shipped from Canadian ports, would bring increased business to the railways by augmenting the volume of importations. Vessels in the grain carrying trade to Europe would look for return freights for the westward trip and could afford to lower rates considerably in order to obtain them. With cheaper freights the amount of goods imported for the United States through Canada would largely increase and the Canadian railway lines would benefit by the stimulus thus imparted to Canadian commerce and bring into the country an increasing quantity of that character of freight which must depend upon the railway for quick transit to both Canadian and American points.

Return ocean freights to some of the Atlantic seaports of the United States average quite one-third less than to Montreal, to which the distance is considerably shorter. Coal from Nova Scotia and New Brunswick would likely meet that from Pennsylvania and Ohio considerably west of Montreal its present limit, and it will be quite within the probabilities, for the Upper Lake freight steamers to make their return trips from Montreal and perhaps from Kingston and Prescott upon fuel coal from the Eastern provinces. Whether this be realised or not, the demand for coal of the Eastern provinces will be greatly improved by the increased St. Lawrence traffic.

Hitherto Canada has not reached a fraction of the benefit in the form of commercial expansion and the developement of the ocean carrying trade which might have been enjoyed in view of the shorter distance of the ocean route from our seaports than from those of the United States. Even Montreal has the advantage of New York by over 200 miles in this respect, while it has the additional advantage in its favor of the sheltered waterway down the Gulf of St. Lawrence, thus reducing the period of exposure to ocean perils. Halifax is 686 miles and St. John more than 400 miles nearer Liverpool than is New York. Our inland water route is already navigable to nearly midway between the Atlantic and the Pacific, making tributary to the St. Lawrence route all the great wheat and corn producing area of both the United States and Canada, and many of our advanced thinkers are already predicting the bringing of the waters of our great North West, via our great lakes, thus affording through Canada the cheapest possible outlet to the sea for the vast products Manitoba is destined to send out to the markets of the world.

In long distances by rail and sea, I think it is not too much to calculate freight rates in the proportion of 100 miles of railway carriage to 1,000 miles by ocean or deep water way ; and applying rates current on land and water between the Great Lakes and the Atlantic, it is certainly safe to calculate that the cost of freight per 100 miles of railway is quite as much as the cost to transport 500 to 600 miles by lake, river and canal combined.

The future advantage of the St. Lawrence route and of the port of Montreal over its American competitors during the season of navigation is becoming manifest, and, compared to Buffalo or Ogdensburg, during the cold months, Montreal will also prove in no respect inferior.

Our geographical position, as a factor in our commercial development, can hardly fail to be apparent to all who consider it. The following table of distances, which, I believe very nearly correct, are very suggestive :—

Chicago to New York, via Buffalo and Erie Canal, of which	
351 miles are canal	1,415 miles

Chicago to Montreal, via St. Lawrence, of which 58 miles are canal	1,348	“
Buffalo to New York, via Erie Canal and Hudson River, of which 350 miles are canal	495	“
Oswego to New York, via Erie Canal and Hudson River, of which 204 miles are canal	350	“
Pt. Colborne to Montreal, via lake and river, of which 72 miles are canal	350	“
Kingston to Montreal, of which but 31 miles of canal are used.....	198	“
Prescott to Montreal, of which but 31 miles of canal are used.....	121	“
New York to Liverpool.....	3,080	“
Montreal to Liverpool.....	2,800	“
Boston to Liverpool.....	2,800	“
St. John to Liverpool.....	2,600	“
Portland to Liverpool....	2,785	“
Halifax to Liverpool.....	2,342	“
Montreal to Halifax, rail.....	756	“
Montreal to St. John, rail.....	481	“
Montreal to Boston, rail.....	335	“
Montreal to Portland, rail.....	297	“
Buffalo to New York.....	445	“
Ogdensburg to Boston, rail.....	408	“
Ogdensburg to Portland, rail	370	“
Ogdensburg to New York, rail.....	372	“
Oswego to New York, rail.....	321	“

The advantage to Oswego and Ogdensburg as well as to the canal and railways therefrom and to the producers and shippers of the great producing states of the west which would result from the removal of all national restriction and tolls from the Welland and St. Lawrence canals, should secure to the ships of both countries alike the unrestricted coasting privileges of the Great Lakes. Even if this be denied, the advantages of the St. Lawrence route, once made free, warrant the belief that the vast tide of ever increasing traffic which will be borne upon its waters will not be seriously diminished by any diversion at Oswego or Ogdensburg.

That portion of Buffalo's traffic which Oswego will obtain would be practically from the Western States: Manitoba grain for export would either continue to Buffalo or seek the St. Lawrence route to Montreal. Ogdensburg, while attracting a limited export traffic during the cold months, would also obtain a share in the transshipping of Western grain en route for Montreal for export. But any benefit to Oswego and Ogdensburg will be a gain to Canada; the productiveness of the great west of Canada and the United States will yield abundant traffic to every open highway. We have but to remove the obstructions and at once possess and enjoy the preference over all competitors, making the St. Lawrence the great "food route" from North America.

While there exists a great need of freight rates to Kingston and Montreal as favorable as those current via Buffalo and the Erie canal to New York, the great want of a Canadian winter seaport, with all the

facilities for storage and transhipment requisite for the accommodation of a large volume of trade, and the railway connections necessary to ensure the ready movement of freight, has been equally great. The advantages, already apparent from developing the natural capacities of St. John, N. B., as one of the main eastern termini of our railway system, are already making it an important winter port and the centre of an expanding ocean service.

Great advances have been made in this direction of late. Mr. Hugh Allan says on this subject :—"The port of St. John is not what it was a year ago. The dock space has been increased, an elevator built, and every facility given for steamship lines. A short time ago there was not a steamship line there—now there are four or five. With the excellent accommodation the C. P. R. is giving, with sidings and terminal facilities for the freight to lie on, St. John will soon be an important terminus. To St. John is a long haul but the C. P. R. has made excellent arrangements for handling freight. There is little local freight with the exception of deals ; St. John, however, will make a good winter port."

He might have added that St. John is but 26 miles more distant from the grain storage elevators at Montreal than New York is from those of Buffalo. The latter point is at the foot of lake navigation for the Erie Canal route, while Montreal with its deepened canals will occupy practically the same position as regards the St. Lawrence system of inland navigation. It is safe to calculate, with the contemplated enlargement of the canals completed and the tolls removed, grain from the West will be delivered at Montreal at very little if any more than one cent per bushel in excess of the rate to Buffalo, and, as before said, at an average of about 2 cents per bushel less than the current rate via the Erie canal to New York.

To supplement and complete the policy which is bringing St. John to the front as a winter port by this abolition of canal tolls and removal of restrictions against American vessels from the Great Lakes will ensure the amount of traffic for shipment which is the only sure and firm foundation upon which an Ocean port can be built up. Steamship lines can be subsidized, mail contracts may be held out as inducements to a regular service and other artificial methods may be adopted to encourage business : these may serve a temporary purpose, but unless there is a sufficient volume of freight seeking shipment so as to make the traffic of itself intrinsically and permanently profitable, it will be impossible to obtain the low rates enjoyed to and from those American seaports which, through the efforts put forth along with certain climatic advantages, are attracting largely the products of the great West.

The attempt to obtain ocean freight rates as favorable as those enjoyed by our neighbors, or a speed of passenger steamers approximat-

ing that of the great lines starting from New York will not be successful, even with the annual bonus of \$500,000 or \$750,000 it has been proposed to give a "Fast Line" service, without the adoption of some means of permanently attracting to the St. Lawrence route a larger proportion of the produce of Manitoba and the grain producing states of the West.

The exporters and lake carriers of the Western States have, by their petition to the Quebec Commissioners, expressed their wish for a free St. Lawrence that they may turn their shipments this way; and, in view of the possible injury threatened that route by the withdrawal of water from Lake Michigan to supply the Chicago Drainage Canal which is being constructed to a size of 160 feet in width by 20 feet in depth, or, having regard to the broader view that the great Mississippi and St. Lawrence Rivers are by this construction to be connected in one great water highway that will but add to the importance of the St. Lawrence as the great food route of the world, it cannot be amiss to increase the interest of shippers and producers of the vast grain producing area of the United States in our Canadian highway.

It should also be remembered that the greater the volume of traffic from the United States through Canadian canals and over Canadian railways, the greater becomes the importance of the "transit in bond" system to our neighbors; it would satisfactorily dispose of this, to many, a very annoying question.

When the comparatively small loss of revenue entailed by the removal of canal tolls is contrasted with the vast sums which are proposed for fast line subsidies and what would be spent in other ways to develop a new "Fast" steamship centre, and the probable results of these respective methods for attracting traffic and placing manufacturers and producers upon a par with American shippers and producers, who export through American seaports, it appears very plain to me that the removal of our canal tolls and restrictions, with the improvements to the St. Lawrence route referred to, will alone permanently attract and sustain an ocean service profitable to shipowners and the country at large.

Even if we grant that it is necessary to have a Fast Line without trying the plan that has brought great prosperity to the port of New York, let whatever bonus is paid to that Fast Line service be supplemented by free canals which will be more in harmony with the enterprising policy the government is following.

But let us not lose sight of the fact that a "Fast" Line approximating the speed of the great ships in and out of the port of New York without a reduction in ocean freight rates from Canadian ports to correspond with those current from New York and Boston would be of comparatively little benefit to Canada. We are warranted in believing that steamships with the maximum of speed practicable to the route will

quickly follow from the increased volume of freight resulting from the abrogation of our canal restrictions and tolls ; at the same time Canadian farmers and exporters will enjoy freight rates via the St. Lawrence to correspond with those enjoyed by the farmers and exporters of the United States who have the use of the Erie Canal without toll or tax, and of the great ocean "greyhounds" without bonus or bounty.

I suggest a careful consideration of the fact that a yearly bonus of \$500,000 to \$750,000 to a fast line will pay the interest on from \$17,000,000 to \$25,000,000, the total estimated cost of the Montreal, Ottawa and Georgian Bay Canal, which constructed would bring Montreal 435 miles nearer Chicago than the port of New York, besides which the many advantages that would result to Canada from the opening up of this additional water highway, such as the many great water powers, the vast deposits of minerals and forests of timber, would be of itself of far greater value to the country than any extra speed of ships purchasable at so large an annual expenditure. This question of transportation vitally interests the great producing class, to whom cheap rates mean an increased return on every commodity they grow or manufacture for exportation and a direct saving on all imported articles they consume.

How great the economy in freight rates would be, supposing that a sufficient amount of exports were shipped from Montreal or St. John to induce the competition that has lowered the rates from American ports, may be gathered from some statistics given by Mr Edward Farrer, in an article which appeared in the CANADIAN MAGAZINE of September, 1898. He gives the average freight rates on two imported articles of Canadian production for 1897, from the ports of Boston and Montreal, respectively, as follows :—

Cheese from Montreal to Liverpool 21s 9d or \$5 43 per ton					
"	"	Boston	"	13s 3d	" 3 30 " "
Butter	"	Montreal	"	26s 9d	" 6.68 " "
"	"	Boston	"	13s 6d	" 3.37 " "

Of Cheese there was shipped from Montreal during the year ending June 30th, 1898, 98,350 tons which paid \$2.13 per ton more than it would have cost by way of Boston, or a total of \$209,485. Of butter, there was shipped from Montreal, during the same year, 5,627 tons, which paid \$3.31 per ton more than the Boston rate being a total of \$18,625 so that Canadian producers have on this quantity of cheese and butter alone paid in this one year no less than \$228,110 more in ocean freight than the producers of the United States paid, or would have paid, on a similar quantity, and an average rail freight to the seaboard quite as high as the rates paid by American producers. The excess of ocean freight on these two staples alone is about $\frac{7}{8}$ of the amount received in tolls on the Welland and St. Lawrence canals, which, for the year 1896 amounted to \$264,973.

A careful calculation of Canadian exports of farm products to Great Britain (not including those to the United States) during the year ending June 30th, 1897, as shewn by the 1897 Canadian year book, and reduced to tons, gives an aggregate of not less than 1,036,000 tons.

Applying to those exports the saving in ocean freight of \$2.13 per ton that Mr. Edward Farrer, in his article referred to, asserts existed upon cheese exported from Boston compared to the average rate current from Montreal, there is shown a direct loss to Canadian farmers of over \$2,300,000 in ocean freights alone and over \$3,500,000 if the difference of \$3.37 per ton in freight on butter from the two ports during the same period is applied.

It is undoubtedly safe to conclude that the farmers of Canada during the last fiscal year paid out for ocean freights alone not less than \$2,500,000, more than their American competitors would have paid upon the same products. This is equal to quite 7 per cent on the total value of all Canadian agricultural products exported to Great Britain during that fiscal year.

In addition to the above there are yearly exported to Great Britain produce of the forest, of the mine, of the fisheries and of manufactures which in value, during the fiscal year ending June 30th, 1897, exceeded those of the soil by over \$10,000,000. The excess of ocean freight paid on these exports over what the current rate averaged from Boston, amounted undoubtedly to a very large additional sum, probably as much as that upon farm products calculated upon Mr. Farrer's basis of comparison.

It is obvious at least that ten times the amount of revenue represented by the Welland and St. Lawrence canal tolls and the harbor dues of Montreal would be directly saved to Canadian producers in reduced freights by their removal, but the whole extent of the benefits secured to the agricultural interests and the public at large cannot be measured by the volume of produce exported.

It is a truism of commerce that the price of wheat the world over is fixed, not in the country of production, but in the world's markets, and, I may safely add, largely in the British market. The producer receives the price, as regulated by the world's requirements, less the cost of shipment and the profits of the intermediary, which are settled by competition. Any saving in transportation benefits the farmer by increasing the portion of the price which he receives, not merely on such grain as is purchased for exportation, but on the whole product. A saving, therefore, even of a comparatively insignificant amount on the freight, raises the price at the farms of the entire wheat crop. And, just in proportion as the demand for all cereals and other products such as cattle, beef, pork, cheese, butter, in fact, of every commodity of which we produce a surplus, increases in England, will the prices paid to the farmer have a tendency

to regulate themselves by market values abroad, and to increase with every saving effected in the cost of transportation. If our farming community but realized the significance of this question and the effect of cheap freight rates in stiffening and increasing prices of every exportable product, independent of depressing local conditions, there would be such a unanimous and outspoken demand for free canals and even greater improvements to our waterways as means to this end, as no government could afford to ignore.

The problem has hitherto been dealt with in view merely of existing or readily attainable conditions, putting aside future possibilities, which have not as yet entered upon the phase of the admittedly practical. If, however, the expectations entertained and expressed by some of our leading statesmen as to the financial practicability of the winter navigation of the St. Lawrence from some point in the Province of Quebec should prove well founded, or the Ottawa and Georgian Bay Canal be constructed, or the great lakes of Manitoba and adjoining provinces be joined to those of the St. Lawrence, everything that has been here advanced with regard to the necessity for free canals as a feeder to our ocean traffic, certainly acquires additional force and presents a more urgent claim to consideration.

In view of the time that will be required to make the requisite provisions for the accommodation of the large additional canal traffic it is hoped to secure, the importance of immediate action should be appreciated. Elevators will need to be built, wharfage facilities provided and additional barges for carrying the grain from Kingston and Prescott to Montréal constructed, so that the interval before we can reach and enter upon the anticipated benefits of the change must in any event be considerable. Meanwhile the enterprising people of the State of New York are making every effort to retain and increase this traffic by continual improvements in their canal system. Every season's delay naturally strengthens their position, and renders it increasingly difficult to alter the trend of the currents of trade. Even a year or two of delay may make a great difference in the results. By acting at once, results can be secured which a larger expenditure and more comprehensive changes might fail to realize if the present opportunity is allowed to pass.

It is claimed by those well versed in the subject, that the tonnage of Canadian Upper Lake vessels is very inadequate to the movement of the products of Manitoba, and that the Canadian route closes too early in the season to prevent the larger proportion of the cereals of that fertile district from exportation via Buffalo and New York.

It is, on the other hand, claimed by authorities equally as competent, that there will be no great difficulty in keeping the Welland Canal open and navigable considerably later in the season than the canals at Sault Ste Marie, in which case vessels from Lake Superior for

Kingston, Prescott or Ogdensburg, would enjoy as long a season as to Buffalo.

The Welland Canal, with the vast body of water available, can be kept open later in the season than the Erie Canal, so that under any and all circumstances the grain of Manitoba, even if not that from Lake Michigan ports, may be delivered at Kingston, Prescott and even to Montreal, quite as late in the season as to Buffalo.

The thirty odd miles of St. Lawrence canals made use of (and it is the canal part only of the St. Lawrence which is affected by frost before the last two weeks of the year) with the vastly greater supply of water available to delay the serious formation of ice therein, can certainly be kept navigable later in the season than the 350 miles of Erie canal with its comparatively limited supply of water.

If, as is alleged by many well versed in the matter, Canadian tonnage is quite inadequate to move the products of Manitoba from Fort William and Duluth to Kingston—Prescott during the season of water navigation, justice to Manitoba would warrant the use of American tonnage for through exportation via the St. Lawrence. It would not be unreasonable to expect that, with free canals, American bottoms will transport Manitoba's cereals to Ogdensburg for transshipment to Montreal, if it be thought best not to open Canadian coasting privileges to American tonnage even for export grain via the St. Lawrence route.

The vast interests in the United States, comprising the great cities and seaports of the Atlantic and of the Gulf of Mexico, the interests centering about Buffalo, the Erie Canal and the Mississippi route and the great American Trunk lines of railways may all continue opposed to any exchange with Canada that would improve and make free the St. Lawrence route at the expense of any of the traffic enjoyed by these great highways.

We need not delay in expectation of any profitable exchange of this character with our neighbors. Our own Canadian interests are paramount and demand quick, prompt and thorough action.

In conclusion, I repeat that by the early adoption of the policy outlined, we, by means of lessened freight rates, bring additional prosperity to producers and consumers alike :

We secure the Fast Line without the payment of a bounty, for we ensure a volume of traffic to our great steamship lines which will encourage to far greater enterprises than those which they have already accomplished.

We settle, forever, that troublesome question of "transit in bond."

By utilizing nature's highway—the St. Lawrence—we attract a traffic productive of progress and prosperity to our own people.

We afford increased employment to our mechanics and laborers, and a use for Canadian and British capital in advances upon the products stored or in transit from the Western States to Europe.

We provide our farmers and manufacturers with additional markets in Canada for the fruits of the soil, mine, forest and stream, and greater industrial development by their conversion in great shipbuilding yards, iron working establishments and other mechanical plants, into upper lake crafts, river barges, tugs, elevators, dwelling houses and other erections which always accompany an active and growing traffic.

We contribute to the prosperity of our railways, and make great distributive centres and seaports of Kingston, Montreal, Halifax and St. John; we influence to a commercial activity throughout our Dominion that comes naturally from increased profits to those great interests which produce, manufacture and transport at the minimum.

Free canals are simply a detail, though a most important one, in the general and comprehensive course which the administration appears to have entered upon, in view of drawing closer the bonds of imperial unity, building up British institutions on this continent, and developing our commerce and industries on such lines as will strengthen the Empire, by perpetuating the union of interests between Canada and the mother country.

To secure this and the other means indicated, a great permanent food supply route through Canadian territory, by which the grain and other great staples of the west, on which increasing multitudes of Britain's population depend for subsistence, may be cheaply and expeditiously forwarded at all seasons to the British market and without having to pass over foreign soil, is a fitting and worthy corollary to the "preferential tariff" and the policy of bringing us into closer touch with Imperial commerce and Imperial sentiment.

The "Open door" of a free St. Lawrence—Canada in no manner surrendering her ownership or control of the canals—will also be a worthy contribution to the farmers and manufacturers of the great food producing areas of the United States and Canada, by far the largest proportion of which is tributary to this great highway. It will create an additional bond of friendship with our kinsmen to the south of us, and its adoption will be an honorable tribute on our part to the commercial wisdom of Great Britain, which, in her "Open door" policy commands the highest respect of every progressive people.

The government which is broad-minded, patriotic, and farsighted enough to carry it into effect, will certainly merit and receive the same

measure of grateful appreciation both at home and abroad which has been accorded to the Imperial or "Preferential" policy of the Jubilee era. It will be a fitting sequel to the broad statesmanship which inaugurated and carried forward the improvements to our great water highway.

Very respectfully,

E. W. RATHBUN.

MAY 2 1991

